

**ASolid Technology Co., Ltd. and  
Subsidiaries**

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 2019 and 2018 and  
Independent Auditors' Review Report**

# ASOLID TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	September 30, 2019 (Reviewed)		December 31, 2018 (Audited)		September 30, 2018 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 355,071	27	\$ 370,957	28	\$ 233,760	19
Financial assets at amortized cost-current	5,084	-	5,073	-	5,070	1
Note receivable – Net	-	-	9	-	-	-
Trade receivable, from unrelated parties	297,825	23	284,745	22	274,210	23
Other receivables	9,099	1	6,065	-	22,203	2
Current tax assets	18	-	25	-	-	-
Inventories	438,912	33	458,678	35	477,450	39
Prepayments	40,679	3	28,886	2	38,050	3
Other current assets	<u>5,017</u>	<u>-</u>	<u>5,621</u>	<u>-</u>	<u>4,936</u>	<u>-</u>
Total current assets	<u>1,151,705</u>	<u>87</u>	<u>1,160,059</u>	<u>87</u>	<u>1,055,679</u>	<u>87</u>
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment	88,807	7	91,024	7	91,617	7
Goodwill	18,576	2	18,576	2	22,951	2
Other intangible assets	44,798	3	40,249	3	34,572	3
Deferred tax assets	15,533	1	14,866	1	10,894	1
Other non-current assets	<u>1,742</u>	<u>-</u>	<u>1,435</u>	<u>-</u>	<u>1,387</u>	<u>-</u>
Total non-current assets	<u>169,456</u>	<u>13</u>	<u>166,150</u>	<u>13</u>	<u>161,421</u>	<u>13</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,321,161</u>	<u>100</u>	<u>\$1,326,209</u>	<u>100</u>	<u>\$ 1,217,100</u>	<u>100</u>

	September 30, 2019 (Reviewed)		December 31, 2018 (Audited)		September 30, 2018 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings	\$ 161,408	13	\$ 112,160	9	\$ 144,325	12
Contract liability-current	34,015	3	8,787	1	23,403	2
Notes payable to unrelated parties	-	-	-	-	662	-
Trade payable to unrelated parties	80,864	6	229,802	17	107,907	9
Other payables	69,939	5	58,090	4	51,071	4
Current tax liabilities	13,445	1	8,572	1	2,004	-
Other current liabilities	<u>5,158</u>	<u>-</u>	<u>717</u>	<u>-</u>	<u>2,945</u>	<u>-</u>
Total current liabilities	<u>364,829</u>	<u>28</u>	<u>418,128</u>	<u>32</u>	<u>332,317</u>	<u>27</u>
<b>NON-CURRENT LIABILITIES</b>						
Deferred tax liabilities	4,083	-	3,585	-	4,019	1
Guarantee deposits received	<u>114</u>	<u>-</u>	<u>114</u>	<u>-</u>	<u>114</u>	<u>-</u>
Total non-current liabilities	<u>4,197</u>	<u>-</u>	<u>3,699</u>	<u>-</u>	<u>4,133</u>	<u>1</u>
<b>Total liabilities</b>	<u>369,026</u>	<u>28</u>	<u>421,827</u>	<u>32</u>	<u>336,450</u>	<u>28</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>						
Share capital						
Ordinary shares	<u>393,835</u>	<u>30</u>	<u>342,231</u>	<u>26</u>	<u>342,231</u>	<u>28</u>
Capital surplus						
Additional paid-in capital	390,344	30	389,626	29	389,626	32
Employee share options	<u>16,335</u>	<u>1</u>	<u>12,515</u>	<u>1</u>	<u>10,625</u>	<u>1</u>
Total capital surplus	<u>406,679</u>	<u>31</u>	<u>402,141</u>	<u>30</u>	<u>400,251</u>	<u>33</u>
Retained earnings						
Legal reserve	49,104	4	41,593	3	41,593	3
Unappropriated retained earnings	<u>96,898</u>	<u>7</u>	<u>109,369</u>	<u>8</u>	<u>84,649</u>	<u>7</u>
Total retained earnings	<u>146,002</u>	<u>11</u>	<u>150,962</u>	<u>11</u>	<u>126,242</u>	<u>10</u>
Other equity	<u>8</u>	<u>-</u>	<u>8</u>	<u>-</u>	<u>5</u>	<u>-</u>
Total equity attributable to owner of the company	<u>946,524</u>	<u>72</u>	<u>895,342</u>	<u>67</u>	<u>868,729</u>	<u>71</u>
<b>NON-CONTROLLING INTERESTS</b>	<u>5,611</u>	<u>-</u>	<u>9,040</u>	<u>1</u>	<u>11,921</u>	<u>1</u>
<b>Total equity</b>	<u>952,135</u>	<u>72</u>	<u>904,382</u>	<u>68</u>	<u>880,650</u>	<u>72</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 1,321,161</u>	<u>100</u>	<u>\$ 1,326,209</u>	<u>100</u>	<u>\$ 1,217,100</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated November 11, 2019)

# ASOLID TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE	\$ 276,406	100	\$ 317,320	100	\$ 804,788	100	\$ 830,105	100
OPERATING COSTS	<u>(130,162)</u>	<u>(47)</u>	<u>(178,739)</u>	<u>(57)</u>	<u>(406,904)</u>	<u>(51)</u>	<u>(483,380)</u>	<u>(58)</u>
GROSS PROFIT	<u>146,244</u>	<u>53</u>	<u>138,581</u>	<u>43</u>	<u>397,884</u>	<u>49</u>	<u>346,725</u>	<u>42</u>
OPERATING EXPENSES								
Selling and marketing	(20,157)	(7)	(18,237)	(6)	(57,829)	(7)	(51,217)	(6)
General and administrative	(21,469)	(8)	(19,421)	(6)	(60,632)	(8)	(56,815)	(7)
Research and development	(70,254)	(25)	(67,584)	(21)	(209,509)	(26)	(199,779)	(24)
Expected credit loss	<u>(5,000)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>(11,000)</u>	<u>(1)</u>	<u>(662)</u>	<u>-</u>
Total operating expenses	<u>(116,880)</u>	<u>(42)</u>	<u>(105,242)</u>	<u>(33)</u>	<u>(338,970)</u>	<u>(42)</u>	<u>(308,473)</u>	<u>(37)</u>
PROFIT FROM PERATIONS	<u>29,364</u>	<u>11</u>	<u>33,339</u>	<u>10</u>	<u>58,914</u>	<u>7</u>	<u>38,252</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES								
Other income	136	-	1,263	-	651	-	1,756	-
Other gains and losses	(120)	-	(110)	-	2,571	-	8,572	1
Financial costs	<u>(2,284)</u>	<u>(1)</u>	<u>(1,732)</u>	<u>-</u>	<u>(4,541)</u>	<u>(1)</u>	<u>(4,053)</u>	<u>-</u>
Total non-operating income and expenses	<u>(2,268)</u>	<u>(1)</u>	<u>(579)</u>	<u>-</u>	<u>(1,319)</u>	<u>(1)</u>	<u>6,275</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	27,096	10	32,760	10	57,595	6	44,527	6
INCOME TAX (EXPENSE) BENEFIT	<u>(6,200)</u>	<u>(2)</u>	<u>1,500</u>	<u>1</u>	<u>(14,650)</u>	<u>(2)</u>	<u>1,763</u>	<u>-</u>
NET INCOME FOR THE PERIOD	<u>20,896</u>	<u>8</u>	<u>34,260</u>	<u>11</u>	<u>42,945</u>	<u>4</u>	<u>46,290</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$20,896</u>	<u>8</u>	<u>\$34,260</u>	<u>11</u>	<u>\$42,945</u>	<u>4</u>	<u>\$46,290</u>	<u>6</u>
NET INCOME ( LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$22,159	8	\$35,602	11	\$46,374	6	\$50,393	6
Non-controlling interests	<u>(1,263)</u>	<u>-</u>	<u>(1,342)</u>	<u>-</u>	<u>(3,429)</u>	<u>-</u>	<u>(4,103)</u>	<u>-</u>
	<u>\$20,896</u>	<u>8</u>	<u>\$34,260</u>	<u>11</u>	<u>\$42,945</u>	<u>6</u>	<u>\$46,290</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$22,159	8	\$35,602	11	\$46,374	6	\$50,393	6
Non-controlling interests	<u>(1,263)</u>	<u>-</u>	<u>(1,342)</u>	<u>-</u>	<u>(3,429)</u>	<u>-</u>	<u>(4,103)</u>	<u>-</u>
	<u>\$20,896</u>	<u>8</u>	<u>\$34,260</u>	<u>11</u>	<u>\$42,945</u>	<u>6</u>	<u>\$46,290</u>	<u>6</u>
EARNINGS PER SHARE								
Basic	<u>\$0.56</u>		<u>\$0.89</u>		<u>\$1.18</u>		<u>\$1.28</u>	
Diluted	<u>\$0.56</u>		<u>\$0.89</u>		<u>\$1.17</u>		<u>\$1.28</u>	

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche review report dated November 11, 2019)

## ASOLID TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Equity Attributable to Owners of the Company								
	Share Capital		Capital surplus		Retained Earnings		Other Equity		
	Shares (In thousands)	Capital Share	Additional Paid-in Capital	Employee Share Options	Legal Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2018	\$ 34,223	\$ 342,231	\$ 389,626	\$ 4,954	\$ 41,593	\$ 34,256	\$ 5	\$ 16,024	\$ 828,689
Net profit for the nine months ended September 30, 2018	-	-	-	-	-	50,393	-	(4,103)	46,290
Total comprehensive income (loss) for the nine months ended September 30, 2018	-	-	-	-	-	50,393	-	(4,103)	46,290
Other changes in capital surplus									
Recognition of employee share options by the Company	-	-	-	5,671	-	-	-	-	5,671
Non-controlling interest	-	-	-	-	-	-	-	-	-
BALANCE, SEPTEMBER 30, 2018	34,223	\$ 342,231	\$ 389,626	\$ 10,625	\$ 41,593	\$ 84,649	\$ 5	\$ 11,921	\$ 880,650
BALANCE, JANUARY 1, 2019	34,223	\$ 342,231	\$ 389,626	\$ 12,515	\$ 41,593	\$ 109,369	\$ 8	\$ 9,040	\$ 904,382
Appropriations of 2018 earnings									
Legal reserve	-	-	-	-	7,511	(7,511)	-	-	-
Share dividends distributed by the Company	5,133	51,334	-	-	-	(51,334)	-	-	-
Net profit for the nine months ended September 30, 2019	-	-	-	-	-	46,374	-	(3,429)	42,945
Total comprehensive income (loss) for the nine months ended September 30, 2019	-	-	-	-	-	46,374	-	(3,429)	42,945
Other changes in capital surplus									
Recognition of employee share options by the Company	-	-	-	3,820	-	-	-	-	3,820
Issue of ordinary shares under employee share options	27	270	718	-	-	-	-	-	988
Non-controlling interest	-	-	-	-	-	-	-	-	-
BALANCE, SEPTEMBER 30, 2019	39,383	\$ 393,835	\$ 390,344	\$ 16,335	\$ 49,104	\$ 96,898	\$ 8	\$ 5,611	\$ 952,135

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche review report dated November 11, 2019)

# ASOLID TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 57,595	\$ 44,527
Depreciation expenses	5,895	6,503
Amortization expenses	23,976	25,569
Expected credit losses	11,000	662
Finance costs	4,541	4,053
Interest income	(254)	(160)
Compensation cost of employee share options	3,820	5,671
Gain for market price decline and obsolete and slow-moving inventories	-	18,200
Unrealized foreign exchange gain	(6,668)	(6,294)
Others	-	9
Changes in operating assets and liabilities:		
Notes receivables	9	95
Trade receivables	(24,228)	(79,153)
Other receivables	(3,034)	(621)
Inventories	19,766	(168,663)
Prepayments	(13,198)	(6,751)
Other current assets	604	(47)
Contract liability	25,228	(7,875)
Notes payable	-	662
Trade payables	(148,758)	36,606
Other payables	11,849	(2,632)
Other current liabilities	4,441	2,683
Cash generated from operations	(27,416)	(126,956)
Interest paid	(4,541)	(4,053)
Income tax paid	(8,534)	(71)
Net cash generated from (used in) operating activities	(40,491)	(131,080)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Financial assets at amortized cost	-	(3,000)
Payments for property, plant and equipment	(4,390)	(3,462)
Proceeds from sale of property, plant and equipment	711	-
Increase in refundable deposits	(307)	(85)
Payments for intangible assets	(28,700)	(4,431)
Proceeds from sale of intangible assets	175	-
Interest received	243	149
Net cash generated from (used in) investing activities	(32,268)	(10,829)

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# ASOLID TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	\$ 675,149	\$ 591,750
Decrease in short-term loans	(624,912)	(522,283)
Dividends paid to owners of the Company	-	-
Non-controlling rights	-	-
Exercise of employee share options	988	-
Net cash generated from (used in) financing activities	<u>51,225</u>	<u>69,467</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>5,648</u>	<u>5,834</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(15,886)	(66,608)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>370,957</u>	<u>300,368</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 355,071</u>	<u>\$ 233,760</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

(With Deloitte & Touche review report dated November 11, 2019)